

## Executive Summary Report

**Appraisal Date 1/1/2002 - 2002 Assessment Year/ 2003Roll Year**

### **Sales - Improved Summary:**

Number of Sales: There have been no new sales in last year. The most recent sale was in 1999.

### **Sales – Ratio Study Summary:**

There have not been sufficient sales of golf courses to make a ratio study.

### **Population Parcel Summary Data:**

| w/o transferred parcel from geo. area | Land         | Imps.         | Total         |
|---------------------------------------|--------------|---------------|---------------|
| 2001 Value                            | \$87,036,300 | \$122,566,300 | \$209,602,600 |
| 2002 Value                            | \$83,350,200 | \$133,890,000 | \$217,240,200 |
| Percent Change                        | -4.24%       | 9.24%         | 3.64%         |

| with transferred parcel from geo. area | Land          | Imps.         | Total         |
|--|---------------|---------------|---------------|
| 2001 Value                             | \$157,030,600 | \$123,833,800 | \$280,864,400 |
| 2002 Value                             | \$ 84,268,400 | \$135,309,200 | \$219,577,600 |
| Percent Change                         | -46.34%       | 9.27%         | -21.82%       |

Number of Golf Course Parcels in the Population: 208

### **Population - Improved Parcel Summary Data:**

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2002 Assessment Roll.

A new Marshall and Swift cost approach was calculated for each parcel.

Typical golf course land values increased slightly. The changes in land values improved equalization of golf course properties.

Previously, most tax-exempt golf courses owned by municipalities had the land value set by the geographic appraiser and the specialty appraiser set the land value for the remaining golf courses. The geographic appraiser looked at the current zoning and sales of similarly zoned land to set the land values on these properties. However, the department addresses market value along with the principal of highest and best use. We do not see the likelihood of any golf courses in King County being converted to other uses. This year the Department addressed these issues.

It was determined that the existing golf courses will most probably continue in golf course use. Therefore, the highest and best use of the land is to be compared with sales of golf course land.

Two sets of parcel summaries are shown. The first set represents the golf course properties valued by the golf course specialty appraiser last year as well as this year.

The second set represents the ratios after a parcel, which had previously had a land value of over \$69 million, was transferred to this specialty. The property, Interbay golf course and driving range, located approximately three miles from downtown Seattle was transferred into the golf course specialty for this revalue. The property is owned by the City of Seattle and is used as a 9-hole golf course and driving range. The zoning would allow high-density development and had previously been valued at \$35 per square foot of land. The 2002 assessment values the land at \$20,000 per acre. This is higher than typical golf course land sales but it takes into consideration the urban location of the properties. Other golf courses that had land values reduced are as follows: Bellevue, Jefferson Park and West Seattle. The following golf courses, located in urban areas had land values increased: Broadmoor, Jackson Park, Newcastle, Overlake, Sand Point, and Seattle.

## Analysis Process

### *Specialty*



Specialty Area – 343 Golf Courses

### *Highest and Best Use Analysis*

**As if vacant:** Market analysis of the area, together with current zoning, current and anticipated use patterns, indicate the highest and best use of the land. The highest and best use of a property must be reasonably probable, legally permissible, physically possible, financially feasible and maximally productive. Currently, all of the golf courses are expected to remain as golf courses and are valued with this use as the highest and best use of the site.

**As if improved:** Present use.

### **Standards and Measurement of Data Accuracy:**

### *Special Assumptions, Departures and Limiting Conditions*

The sales comparison and cost approaches to value were considered for this mass appraisal valuation. After the sales verification process, the appraiser concluded that the market participants typically do not consider an income approach to value.

The following Departmental guidelines were considered and adhered to:



Sales from 1/99 to 1/02 were considered in all analyses.



No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of two years of market information without time adjustment averaged any net changes over that time period.

The appraiser concluded that the market participants typically do not consider an income approach to value.



This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

















The commercial appraisers have carefully considered the impact of the national and regional economy on King County's commercial real estate market. The terrorist events of September 11, 2001 as well as changes in the software, high tech and aircraft manufacturing businesses have been considered. While sales activity over several years has been analyzed, primary consideration was given to current economic conditions including vacancy and lease rates. In some areas, this may have an impact on sales price to assessed value relationships including coefficients of variation and ratios. In all cases, properties were valued uniformly with similar properties.

## Identification of the Area

### Name or Designation: Golf Course Specialty- 343

There are 46 golf courses and driving ranges in this specialty. The following 24 golf courses were inspected for the 2002 roll year:

-  Aldarra
-  Bear Creek
-  Bellevue
-  Broadmoor
-  Carnation
-  Cascade
-  Fairwood
-  Glen Acres
-  Glendale
-  Interbay
-  Inglewood
-  Jackson Park
-  Jefferson Park
-  Maplewood
-  Mt. Si
-  Rainier
-  Sahalee
-  Sand Point
-  Seattle
-  Snoqualmie
-  Tall Chief
-  The Plateau
-  Vashon
-  Wayne

**Boundaries: All of King County**

### Maps:

A general map of all golf courses included in this specialty is included in this report as is a map of the golf courses physically inspected. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

**Area Description:**

The golf industry continues to grow in King County. In the last few years new courses have opened throughout the suburban areas. Some new courses are Willow's Run, Druids Glen, Washington National, Newcastle, TPC @ Snoqualmie Ridge and Taylor Creek. All of these courses are located outside the metropolitan areas.

The Professional Golfers Association (PGA) sponsors four major championships annually. They include the following: The Masters, U.S. Open, British Open, and the P.G.A. Championship. The P.G.A Championship tournament was held at Sahalee Golf and Country Club in 1998 and brought international attention to golf in the Northwest. The P.G.A is planning to hold its tournament again at Sahalee in 2010. Sahalee will host the World Golf Championships-NEC Invitational in August of this year. The World Golf Championships were started in 1996 when the world's five governing bodies of golf agreed to create a new international event. These tournaments are above the weekly tour stops and a step below the majors.

The Tournament Players Course at Snoqualmie Ridge, which opened in June of 1999, is designed to accommodate major PGA events. It is anticipated that it will host its first PGA tournament this decade.

The time estimated to complete the permitting and environmental studies for a golf course is 3 to 6 years. Maple Valley's "The Course at Taylor Creek" took 5 1/2 years to build the semi-private 9-hole course. They recently completed the driving range and the renovation of the historical building on site that is rented out for special events. On the other hand, Washington National Golf Course, which is situated on naturally well-drained soil with minimal environmental considerations, was developed in only 15 months.

One of the major issues facing developers today is the availability of water. A newer course in the Covington area, Druid's Glen, had trouble locating a permanent source of water. A sophisticated water recovery system in the fairways and greens had to be constructed to facilitate watering the course during the summer months.

**SUMMARY ANALYSIS**

A study of the market for golf courses was made in which information for comparable sales, lease and capitalization rates and replacement costs were researched. Little market information was available for comparable sales and income.

The most reliable approach to value was deemed to be the replacement cost less depreciation method. All cost information was from the Marshall Valuation Service. Costs were adjusted to reflect the local Seattle Market.

The costs for 2002 showed an increase from previous.

A replacement cost less depreciation was calculated for each building and the fairways, greens etc. for all the courses in the area.

### **Preliminary Ratio Analysis**

No ratio studies were conducted due to a lack of a sales sample.

## Scope of Data

| Major  | Minor | Excise # | Sale Date | Sale Price | # acres | \$/ acre | Current Zoning |
|--------|-------|----------|-----------|------------|---------|----------|----------------|
| 212305 | 9068  | 1815260  | 5/1/2001  | 1,200,000  | 65.90   | 18,200   | R-14           |
| 052006 | 9074  | 1771657  | 8/22/2000 | 105,000    | 10.00   | 10,498   | A10            |
| 172007 | 9010  | 1765578  | 7/13/2000 | 180,000    | 18.75   | 9,600    | A35            |
| 332407 | 9059  | 1757101  | 5/26/2000 | 175,000    | 12.34   | 14,181   | RA2.5          |
| 142407 | 9059  | 1737232  | 2/18/2000 | 170,000    | 11.35   | 14,978   | RA10           |
| 272407 | 9088  | 1735018  | 1/31/2000 | 290,000    | 28.34   | 10,233   | RA10           |
| 272407 | 9089  | 1728290  | 12/8/1999 | 266,000    | 24.17   | 11,005   | RA10           |
| 092107 | 9033  | 1726543  | 12/9/1999 | 140,000    | 10.01   | 13,986   | F              |
| 092107 | 9028  | 1721665  | 11/9/1999 | 210,000    | 17.34   | 12,113   | F              |
| 332106 | 9008  | 1711733  | 9/22/1999 | 150,000    | 18.59   | 8,069    | A35            |
| 092107 | 9029  | 1703755  | 7/19/1999 | 125,000    | 10.01   | 12,482   | F              |
| 272407 | 9091  | 1692554  | 6/17/1999 | 247,000    | 19.72   | 12,525   | RA10           |
| 142406 | 9018  | 1690349  | 6/8/1999  | 225,000    | 26.44   | 8,510    | RA5P           |
| 000640 | 0006  | 1685682  | 5/17/1999 | 240,500    | 15.06   | 15,969   | A35            |
| 272407 | 9090  | 1681069  | 4/22/1999 | 256,500    | 19.82   | 12,941   | RA10           |
| 142107 | 9016  | 1668363  | 2/18/1999 | 227,500    | 20.00   | 11,375   | F              |
| 062407 | 9025  | 1666229  | 2/3/1999  | 184,950    | 12.85   | 14,393   | RA5            |

### Land Value Data:

The above chart shows large acreage land sales from 2/99 to 5/2001 that were given primary consideration for valuing land.

### Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Sales are listed in this report. There was only one golf course sale in King County in the last three years. The sale is as follows:

| Area | Major  | Minor | Property Name                     | Excise # | Sale Date | Sale Price   |
|------|--------|-------|-----------------------------------|----------|-----------|--------------|
| 343  | 352506 | 9070  | THE PLATEAU GOLF AND COUNTRY CLUB | 1670513  | 3/2/1999  | \$ 5,000,000 |

## **Land Value**

### ***Land Sales, Analysis, Conclusions***

There have been few sales of land that have been developed into golf facilities. The land values for the courses throughout King County were based on large acreage sales. Land values based on these sales were set to a range of \$7,000 to \$20,000 per acre with location and drainage taken into consideration. Most golf course land is valued at \$13,000 per acre. Land values of golf courses in urban locations are typically higher due to location. The most probable use of the golf courses is to remain in use as a golf course, therefore, golf course land transactions and large acreage sales were used to determine land values.

### **Improved Parcel Total Values:**

#### ***Sales comparison approach model description***

The only sale that occurred for golf course properties since the last revalue was The Plateau Golf and Country Club. The sale date was 03/02/99 with a total sale price of \$5,000,000. This course was not complete or open for business on the sale date. The estimated cost to complete the course and clubhouse was \$4,000,000. The course is now operating and additional country club facilities have been added.

#### ***Cost approach model description***

Traditionally, the cost approach has been accorded unusual weight in the valuation of a golf course because they are not frequently exchanged in the market place and they are special purpose properties.

The Marshall & Swift Commercial Estimator was used for estimating golf course improvement values. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

#### **Cost calibration**

Each appraiser valuing new construction can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the computerized valuation model supplied by Marshall & Swift.

#### ***Income capitalization approach model description***

The income approach was not used for Golf Course properties.

***Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.***

Jean Platt reviewed all the values set for the 2002 assessment year and determined that these values represent market value.

**Model Validation**

***Total Value Conclusions, Recommendations and Validation:***

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate.

No ratio studies were completed in this specialty due to lack of sales.

*The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.*

Application of these recommended values for the 2002 assessment year (taxes payable in 2003) results in an average total change from the 2001 assessments of +3.64%\*. The increase is due to the previous assessment levels, updating of property characteristics, new construction, and market activity.

\*without newly transferred parcel

Note: More details of information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

## **USPAP Compliance**

### ***Client and Intended Use of the Appraisal:***

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

*The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.*

### ***Definition and date of value estimate:***

#### **Market Value**

*The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)*

#### **Highest and Best Use**

WAC 458-12-330      **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

*All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.*

*If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that*

*the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))*

*Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)*

### **Date of Value Estimate**

*All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]*

*The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]*

*Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.*

### **Property rights appraised:**

#### **Fee Simple**

*The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*

### **Special assumptions and limiting conditions:**

*That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.*

*That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*

*That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.*

*That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*

*That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*

*That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*

*That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.*

*That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*

*Exterior inspections were made of all properties however, due to lack of access few received interior inspections.*

*The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*

*We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.*

*We have attempted to segregate personal property from the real estate in our appraisals.*

*We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.*

*We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*

*The appraisers have no personal interest or bias toward any properties that they appraise.*

***Departure Provisions:***

***Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception***

SR 6-2 (g)

*The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions , encumbrances, leases, reservations , covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.*